



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

Dear Dr. Eaglin:

In its letter to the University dated February 27, 1992, the Auditor of Public Accounts of the Commonwealth of Kentucky requested that, as part of our audit of Morehead State University's 1992 financial statements, we report on the status of 1991 audit findings and recommendations. The findings (as opposed to the reportable conditions) were immaterial, but reported under Single Audit Act requirements. The resolution status of findings and reportable conditions are included in this letter, pursuant to their request.

The 1992 status of the 1991 audit's reportable conditions and Federal program non-compliance findings is as follows:

Reportable Conditions Included in the Independent Auditor's Report on Internal Control Structure

RECONCILIATIONS

Reportable Condition -

During the course of our audit procedures for the year ended June 30, 1991, we noted reconciliations of certain general ledger accounts to the subsidiary records were not being performed as frequently as necessary. These included accounts receivable, accounts payable, accrued salaries and related liabilities and plant fund accounts. We recommended a reconciliation of accounts payable be performed on a monthly basis and the others performed on at least a quarterly basis.

Additionally, we noted reconciliations were not being performed between grant funds received and grant funds disbursed as related to the Pell grant program and other Federally-sponsored programs. We recommended these also be performed on at least a quarterly basis.

These reconciliations should be reviewed by the appropriate level of management and such review documented by initialing and dating the reconciliation.

Resolution -

We noted that, during 1992, reconciliations of accounts payable and accounts receivable were performed on a monthly and quarterly basis, respectively.

University personnel responsible for the Pell grant program reconciliation feel it is too difficult to reconcile Pell grant funds received and disbursed until after the fiscal year end. We noted this reconciliation for 1992 was performed as of September 24, 1992.

We noted in 1992 that payroll withholding reports were not reconciled to the general ledger, except at year-end. We also noted that reconciliations for the other Federally-sponsored programs were still not being performed concerning grant funds receivable and unearned revenues. We continue to recommend the reconciliation of payroll withholding reports and Federally-sponsored programs to the accounting records. Also, during our review of selected reconciliations, we noted these reconciliations did not contain documentation of review by the appropriate level of management. Such review should be performed and documented by initialing and dating the reconciliation.

ELECTRONIC DATA PROCESSING

Reportable Condition -

In prior years we had recommended that programmers not have access to live data files and source programs. Management responded to this by requiring that program development and updating be performed in a developmental system outside the live data files. Also movement of any code from the development system to the live system is logged for reference and follow-up. At June 30, 1991, we also recommended that procedures be initiated to require documentation of this follow-up and that the Internal Auditor periodically review for compliance.

Resolution -

During the period ending June 30, 1992, management responded to this by requiring documentation of the follow-up and the Internal Auditor reviewed this documentation at least twice during the year. We reviewed this documentation for a selected month noting that 10% had been randomly selected for follow-up by management.

Immaterial Instances of Non-Compliance Related to Testing Compliance With Requirements Applicable to Federal Financial Assistance Programs

GUARANTEED STUDENT LOAN (GSL) OVERAWARD

Finding -

In the June 30, 1991 Schedule of Findings and Questioned Costs, we noted one out of 50 students tested was awarded \$757 more than allowed. The award totalled \$4,757, which exceeded the maximum award of \$4,000. This occurred due to the student applying for two GSL loans, with one being with a bank outside Kentucky. At that time, out of state GSL loans were being processed manually.

Resolution -

During the period ending June 30, 1992, management responded to this by requiring that all GSL loans be processed on the computer. The Student Financial Aid program will not allow a GSL loan to be processed if it exceeds the limit. It tracks the GSL loans on a cumulative basis and by classification.

UNIVERSITY MATCHING FUNDS

Finding -

The University's matching contribution to the SEOG program for the year ended June 30, 1991 was computed based on the 1990 percentage of 5% instead of the 10% rate for 1991, resulting in an untimely deposit of matching funds.

Resolution -

The matching contribution was corrected in 1991. In 1992, we noted that every effort seemed to be made by the University to follow the established Department of Education regulations in making institutional matching contributions. The 1992 SEOG matching contribution was properly computed using the proper percentage of 15% and was deposited on a timely basis.

INTEREST EARNED ON FEDERAL FUNDS

Finding -

During the 1991 audit, the University earned and remitted interest on Federal funds to the Department of Education. As a convenience to accommodate transfer procedures, the University draws down Federal funds through ACH Federal cash requests and deposits them into the University's Consolidated Agency account before transferring to the applicable program accounts. Interest earned on Federal funds while in the Consolidated Agency account is not tracked by program by the University and thus not remitted to the Department of Education. This interest approximated \$2,400 for the year ended June 30, 1991.

Resolution -

During the year ended June 30, 1992, such interest approximated \$1,138 and was not remitted to the Department of Education. No remittance of the \$2,400 was made by the University. Effective April 1, 1992, the University implemented the policy to deposit ACH requests directly into their specific program accounts to ensure all interest is properly remitted to the Department of Education as required.

CONTRACT REPORTING

Finding -

Morehead State University has both contract-imposed financial reporting deadlines and internal financial reporting deadlines as part of their internal control structure. Our audit of the reporting system controls as of June 30, 1991, as related to other Federally-sponsored programs, discovered two reports which were not submitted in a timely manner and had not been reviewed for accuracy and completeness. Additionally, we noted one instance where information reported to the funding agency did not agree with the University's accounting records at that date. We noted the differences were caused by using estimates and including indirect costs in the report, but not posting such to the general ledger. We noted the differences were not significant.

Resolution -

During the current year, the new Federal Programs Accountant utilized a calendar spreadsheet listing each grant and the dates their respective reports were due, to help ensure timely submission. We noted no instances of untimely filed reports in 1992 and all amounts between reports filed and the general ledger were reconciled.

ADMINISTRATIVE COST ALLOWANCE

Finding -

In the calculation of the administrative cost allowance, during 1991 we noted Perkins loan reimbursements were used instead of loans awarded. This caused an overcharge of \$1,260. The overcharge amount has been recorded as a payable and will be returned to the Department of Education.

Resolution -

Every effort was made in the current year by University personnel to ensure an accurate calculation of the administrative cost allowance and we noted no over/under charge occurred in the current year. Also, we noted the prior year overcharge was returned to the Department of Education with the September, 1991 quarterly report.

REFUND/REPAYMENT CALCULATIONS

Finding -

Of twenty-five refund/repayment calculations tested in 1991 from those performed by University personnel, it was determined that twenty-one had been miscalculated resulting in improper refund amounts being returned to Title IV programs and students, or improper repayment amounts were requested from students. The findings resulted in overallocation (underallocation) of refunds/repayments as summarized below:

<u>Pell</u> <u>Grant</u>	<u>GSL</u>	<u>SEOG</u>	<u>Perkins</u>
\$717	\$(377)	\$90	\$346

Resolution -

Out of twenty-five refund/repayment calculations tested during the current year, we noted no instances where an incorrect amount was calculated. During the current year, a full-time Student Financial Aid Accountant was hired to devote a majority of her time to refund/repayment calculations and also the Internal Auditor performed periodic reviews of the calculations. We also noted the University is in the process of recomputing all refund/repayment amounts for the years ending June 30, 1990 and June 30, 1991 to determine whether any monies need to be returned to the Department of Education.

REFUND/REPAYMENT RETURN FUNDS TO PROGRAM/LENDER

Finding -

Of twenty-three refund/repayment calculations tested in the 1991 audit, it was determined that allocated funds were not returned to the proper program accounts within the required period in all except one instance.

Resolution -

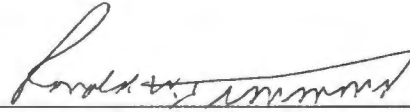
Of twenty-five refund/repayment calculations tested for the year ended June 30, 1992, it was determined that allocated funds were not returned to the proper program accounts within the required period on six occasions. Although significant improvements have been made, we continue to recommend that every effort be made to ensure timely return of funds to the proper program accounts to comply with U.S. Department of Education guidelines.

A separate letter dated September 24, 1992, contains our management letter comments developed during our 1992 audit. This letter does not affect our report dated September 24, 1992, on the financial statements of Morehead State University.

Please do not hesitate to contact us if you have any comments or questions related to this letter.

Very truly yours,

KELLEY, GALLOWAY & COMPANY, PSC

By: 

Ronald W. Timmons, CPA

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Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Regents and
Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

We have audited the accompanying balance sheets of Morehead State University as of June 30, 1992 and 1991, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Controller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morehead State University at June 30, 1992 and 1991, and the changes in its fund balances, and current funds revenues, expenditures and other changes for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The data contained in pages subsequent to page 15 of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kelley, Galloway & Company, PSC

September 24, 1992

MOREHEAD STATE UNIVERSITY

BALANCE SHEETS

JUNE 30, 1992 AND 1991

ASSETS

	<u>1992</u>	<u>1991</u>
CURRENT FUNDS:		
Unrestricted:		
Cash (Note 4)	\$ 6,655,076	\$ 7,083,020
Accounts receivable, less allowance for doubtful accounts of \$243,410 at 1992 and \$246,458 at 1991	892,982	926,658
Inventories (Note 1)	1,901,353	1,729,726
Due from restricted current funds	637,604	525,274
Due from agency funds	38,622	1,583
Due from loan funds	<u>600</u>	<u>13,926</u>
Total unrestricted	<u>10,126,237</u>	<u>10,280,187</u>
Restricted:		
Cash (Note 4)	314,655	360,894
Federal and state grants receivable	1,194,424	745,109
Due from agency funds	<u>-</u>	<u>17,386</u>
Total restricted	<u>1,509,079</u>	<u>1,123,389</u>
Total current funds	<u>\$11,635,316</u>	<u>\$11,403,576</u>
LOAN FUNDS:		
Cash (Note 4)	\$ 174,560	\$ 145,259
Loans to students, less allowance for doubtful accounts of \$168,345 at 1992 and \$213,066 at 1991	3,159,399	3,138,084
Accounts receivable	<u>90,514</u>	<u>75,975</u>
Total loan funds	<u>\$ 3,424,473</u>	<u>\$ 3,359,318</u>
ENDOWMENT FUNDS:		
Investments - at cost (Notes 1, 4 and 6)	<u>\$ 167,889</u>	<u>\$ 161,703</u>
Total endowment funds	<u>\$ 167,889</u>	<u>\$ 161,703</u>

LIABILITIES AND FUND BALANCES

	<u>1992</u>	<u>1991</u>
CURRENT FUNDS:		
Unrestricted:		
Accounts payable	\$ 525,767	\$ 685,147
Accrued vacation pay	958,432	940,295
Accrued salaries and related liabilities	<u>1,752,531</u>	<u>1,560,429</u>
	<u>3,236,730</u>	<u>3,185,871</u>
Fund balance -		
Allocated	5,693,593	6,330,399
Unallocated	<u>1,195,914</u>	<u>763,917</u>
	<u>6,889,507</u>	<u>7,094,316</u>
Total unrestricted	<u>10,126,237</u>	<u>10,280,187</u>
Restricted:		
Accounts payable	136,699	63,225
Accrued wages	23,392	43,916
Due to unrestricted current funds	637,604	525,274
Due to agency funds	70	-
Unearned revenue for Federal and state grants	638,283	439,793
Fund balance	<u>73,031</u>	<u>51,181</u>
Total restricted	<u>1,509,079</u>	<u>1,123,389</u>
Total current funds	<u>\$11,635,316</u>	<u>\$11,403,576</u>
LOAN FUNDS:		
Accounts payable	\$ 2,694	\$ 3,887
Loan awards payable	300	1,350
Due to unrestricted current funds	<u>600</u>	<u>13,926</u>
	<u>3,594</u>	<u>19,163</u>
Fund balance -		
U.S. Government contributions	4,809,909	4,812,236
Institutional contributions	542,866	542,406
Deficit	<u>(1,931,896)</u>	<u>(2,014,487)</u>
	<u>3,420,879</u>	<u>3,340,155</u>
Total loan funds	<u>\$ 3,424,473</u>	<u>\$ 3,559,518</u>
ENDOWMENT FUNDS--fund balance	<u>\$ 167,889</u>	<u>\$ 161,703</u>

The accompanying notes to financial statements
are an integral part of these balance sheets.

MOREHEAD STATE UNIVERSITY

BALANCE SHEETS (CONCLUDED)

JUNE 30, 1992 AND 1991

ASSETS

	<u>1992</u>	<u>1991</u>
PLANT FUNDS:		
Unexpended:		
Cash (Note 4)	\$ 6,894,581	\$ 8,001,513
Investments - at cost (Notes 1, 4 and 6)	-	395,047
Accounts receivable	-	<u>1,775</u>
Total unexpended	<u>6,894,581</u>	<u>8,398,335</u>
Renewal and Replacement:		
Cash and certificates of deposit (Notes 1 and 4)	257,975	287,401
Investments - at cost (Notes 1, 4 and 6)	106,625	58,510
Accounts receivable	<u>1,841</u>	<u>1,274</u>
Total renewal and replacement	<u>366,441</u>	<u>347,185</u>
Retirement of Indebtedness:		
Cash and certificates of deposit (Notes 1 and 4)	2,198,768	1,634,693
Investments - at cost (Notes 1, 4 and 6)	2,161,963	1,934,413
Accounts receivable	<u>11,904</u>	<u>18,070</u>
Total retirement of indebtedness	<u>4,372,635</u>	<u>3,587,176</u>
Investment in Plant (Notes 1 and 2):		
Bond proceeds receivable	5,700,000	-
Land and improvements	5,676,943	5,317,050
Buildings	74,989,369	74,695,932
Library - books and periodicals	7,859,842	7,393,276
Charles M. Derrickson Agricultural Complex - livestock	160,932	150,880
Vehicles	996,690	891,903
Equipment	16,223,260	14,689,555
Construction in progress	23,230,564	13,139,738
Accumulated depreciation (Note 1)	<u>(55,351,261)</u>	<u>(52,767,439)</u>
Total investment in plant	<u>79,486,339</u>	<u>63,510,895</u>
Total plant funds	<u>\$ 91,119,996</u>	<u>\$ 75,843,591</u>
AGENCY FUNDS:		
Cash (Note 4)	\$ 949,807	\$ 904,157
Certificates of deposit (Notes 1 and 4)	-	110,000
Accounts receivable	837	1,156
Due from restricted current funds	<u>70</u>	<u>-</u>
Total agency funds	<u>\$ 950,714</u>	<u>\$ 1,015,313</u>

LIABILITIES AND FUND BALANCES

	<u>1992</u>	<u>1991</u>
PLANT FUNDS:		
Unexpended--restricted fund balance	\$ <u>6,894,581</u>	\$ <u>8,398,335</u>
Renewal and Replacement--fund balance	<u>366,441</u>	<u>347,185</u>
Retirement of Indebtedness--restricted fund balance	<u>4,372,635</u>	<u>3,587,176</u>
Investment in Plant:		
Bonds and note payable (Note 2)	53,400,913	40,030,394
Net investment in plant	<u>26,085,426</u>	<u>23,480,501</u>
Total investment in plant	<u>79,486,339</u>	<u>63,510,895</u>
Total plant funds	<u>\$ 91,119,996</u>	<u>\$ 75,843,591</u>
AGENCY FUNDS:		
Accounts payable	\$ 69,268	\$ 47,167
Due to unrestricted current funds	38,622	1,583
Due to restricted current funds	-	17,386
Deposits held in custody for others	<u>842,824</u>	<u>949,177</u>
Total agency funds	<u>\$ 950,714</u>	<u>\$ 1,015,313</u>

The accompanying notes to financial statements
are an integral part of these balance sheets.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	1992	
	<u>Unrestricted</u>	<u>Restricted</u>
CURRENT FUNDS:		
BALANCE, beginning of year	\$ 7,094,316	\$ 51,181
REVENUES AND OTHER ADDITIONS:		
Unrestricted current funds revenues	59,158,923	-
Federal and state grants and contracts	-	12,951,521
	<u>59,158,923</u>	<u>12,951,521</u>
EXPENDITURES AND OTHER DEDUCTIONS:		
Educational and general expenditures	46,956,113	12,644,075
Auxiliary enterprises expenditures	<u>6,451,453</u>	<u>285,596</u>
	<u>53,407,566</u>	<u>12,929,671</u>
TRANSFERS AMONG FUNDS -		
ADDITIONS (DEDUCTIONS):		
Mandatory -		
Transfers to plant funds-retirement of indebtedness (Note 2)	(4,629,900)	-
Transfers to loan funds and restricted current funds	(367,790)	-
Transfers from plant funds	1,062,536	-
Transfers to plant funds	<u>(2,021,012)</u>	<u>-</u>
	<u>(5,956,166)</u>	<u>-</u>
NET INCREASE (DECREASE) FOR THE YEAR	<u>(204,809)</u>	<u>21,850</u>
BALANCE, end of year	<u>\$ 6,889,507</u>	<u>\$ 73,031</u>

1991	
<u>Unrestricted</u>	<u>Restricted</u>
\$ 6,775,030	\$ 46,493
55,796,582	-
<u>-</u>	<u>10,785,448</u>
55,796,582	10,785,448
44,067,858	10,536,680
<u>6,324,623</u>	<u>244,080</u>
<u>50,392,481</u>	<u>10,780,760</u>
(3,419,342)	-
(341,663)	-
385,615	-
<u>(1,709,425)</u>	<u>-</u>
<u>(5,084,815)</u>	<u>-</u>
319,286	4,688
<u>\$ 7,094,316</u>	<u>\$ 51,181</u>

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	<u>1992</u>	<u>1991</u>
LOAN FUNDS:		
BALANCE, beginning of year	\$3,340,155	\$3,306,120
REVENUES AND OTHER ADDITIONS:		
Interest on loans receivable	78,877	72,834
Cancellation reimbursement	36,369	30,329
Miscellaneous interest income	4,232	6,037
Federal contributions	2,422	2,068
Institutional contributions	460	230
Recovery of doubtful accounts previously written off	24,221	1,693
Other	<u>36</u>	<u>1,464</u>
	<u>146,617</u>	<u>114,655</u>
EXPENDITURES AND OTHER DEDUCTIONS:		
Loan principal and interest cancelled	46,340	55,904
Administrative and collection expense	14,766	16,739
Return of excess funds	4,749	7,894
Other	<u>38</u>	<u>83</u>
	<u>65,893</u>	<u>80,620</u>
NET INCREASE FOR THE YEAR	<u>80,724</u>	<u>34,035</u>
BALANCE, end of year	<u>\$3,420,879</u>	<u>\$3,340,155</u>
ENDOWMENT FUNDS:		
BALANCE, beginning of year	\$ 161,703	\$ 152,356
INVESTMENT INCOME	<u>6,186</u>	<u>9,347</u>
NET INCREASE IN FUND BALANCE	<u>6,186</u>	<u>9,347</u>
BALANCE, end of year	<u>\$ 167,889</u>	<u>\$ 161,703</u>

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CHANGES IN FUND BALANCES (CONCLUDED)

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	1992		
	<u>Unexpended</u>	<u>Renewal and Replacement</u>	<u>Retirement of Indebtedness</u>
PLANT FUNDS:			
BALANCE, beginning of year	<u>\$8,398,335</u>	<u>\$ 347,185</u>	<u>\$3,587,176</u>
REVENUES AND OTHER ADDITIONS:			
Interest income	21,238	19,256	261,346
Proceeds from bond issuance	-	-	858,473
Retirement of indebtedness (including \$72,385 charged to current funds expenditures)	-	-	-
Expended for plant fund facilities (including \$1,252,705 charged to current funds expenditures)	-	-	-
Appropriations for plant funds	9,194,424	-	-
Private gifts	-	-	-
	<u>9,215,662</u>	<u>19,256</u>	<u>1,119,819</u>
EXPENDITURES AND OTHER DEDUCTIONS:			
Retirement of indebtedness	-	-	2,262,096
Interest on indebtedness	-	-	2,584,174
Expenditures for plant additions	11,677,892	-	-
Bond issuance and note payable	-	-	-
Depreciation	-	-	-
Miscellaneous	-	-	117,990
Deletions from plant facilities	-	-	-
	<u>11,677,892</u>	<u>-</u>	<u>4,964,260</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):			
Transfers from unrestricted current funds for debt service (Note 2)	-	-	4,629,900
Transfer (to) from unrestricted current funds	958,476	-	-
Transfer (to) from unexpended	-	-	-
	<u>958,476</u>	<u>-</u>	<u>4,629,900</u>
NET INCREASE (DECREASE) FOR THE YEAR	<u>(1,503,754)</u>	<u>19,256</u>	<u>785,459</u>
BALANCE, end of year	<u>\$6,894,581</u>	<u>\$ 366,441</u>	<u>\$4,372,635</u>

<u>1992</u>	<u>1991</u>			
<u>Investment in Plant</u>	<u>Unexpended</u>	<u>Renewal and Replacement</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>
<u>\$23,480,501</u>	<u>\$6,197,989</u>	<u>\$324,012</u>	<u>\$3,634,023</u>	<u>\$24,563,001</u>
-	198,622	23,673	243,147	-
-	-	-	-	-
2,334,481	-	-	-	2,042,829
12,930,597	-	-	-	6,712,599
-	6,627,429	-	-	-
-	-	-	-	95,580
<u>15,265,078</u>	<u>6,826,051</u>	<u>23,673</u>	<u>243,147</u>	<u>8,851,008</u>
-	-	-	2,042,829	-
-	-	-	1,869,342	-
-	5,745,994	-	-	-
10,005,000	-	-	-	7,400,501
2,583,822	-	-	-	2,533,007
-	-	500	686	-
<u>71,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,660,153</u>	<u>5,745,994</u>	<u>500</u>	<u>3,912,857</u>	<u>9,933,508</u>
-	-	-	3,419,342	-
-	1,323,810	-	-	-
-	(203,521)	-	203,521	-
-	1,120,289	-	3,622,863	-
<u>2,604,925</u>	<u>2,200,346</u>	<u>23,173</u>	<u>(46,847)</u>	<u>(1,082,500)</u>
<u>\$26,085,426</u>	<u>\$8,398,335</u>	<u>\$347,185</u>	<u>\$3,587,176</u>	<u>\$23,480,501</u>

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CURRENT FUNDS REVENUES,
EXPENDITURES AND OTHER CHANGES

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	1992	
	Unrestricted	Restricted
REVENUES:		
Tuition and fees	\$15,869,010	\$ -
State appropriations	32,141,800	-
Governmental grants and contracts	-	12,593,564
Matching funds	-	357,957
Indirect cost reimbursement	202,708	-
Sales and services of educational activities	1,021,190	-
Sales and services of auxiliary enterprises	8,523,534	-
Other sources	1,400,681	-
Private gifts	-	-
	<u>59,158,923</u>	<u>12,951,521</u>
Total current revenues		
EXPENDITURES AND MANDATORY TRANSFERS:		
Educational and general -		
Instruction	21,940,627	1,222,055
Research	77,663	610,888
Public service	972,482	1,739,336
Library	1,836,877	73,121
Academic support	3,806,947	86,314
Student services	5,258,015	557,665
Institutional support	6,089,893	209,276
Operation and maintenance of plant	4,460,162	6,910
Student financial aid	2,513,447	8,138,510
	<u>46,956,113</u>	<u>12,644,075</u>
Educational and general expenditures		
Mandatory transfers for -		
Principal and interest	2,843,067	-
College Work Study, SEOG and Loan Fund matching funds	367,790	-
	<u>3,210,857</u>	<u>-</u>
Total educational and general	<u>50,166,970</u>	<u>12,644,075</u>
Auxiliary enterprises -		
Expenditures	6,451,453	285,596
Mandatory transfers for principal and interest	1,786,833	-
	<u>8,238,286</u>	<u>285,596</u>
Total auxiliary enterprises		
Total expenditures and mandatory transfers	<u>58,405,256</u>	<u>12,929,671</u>

<u>1992</u>	<u>1991</u>
<u>Totals</u>	<u>Totals</u>
\$15,869,010	\$13,894,278
32,141,800	30,984,300
12,593,564	10,444,015
357,957	341,433
202,708	130,743
1,021,190	1,013,373
8,523,534	8,505,495
1,400,681	1,162,893
-	105,500
<u>72,110,444</u>	<u>66,582,030</u>
23,162,682	21,764,108
688,551	95,050
2,711,818	2,543,628
1,909,998	1,718,024
3,893,261	3,090,516
5,815,680	5,022,360
6,299,169	6,032,009
4,467,072	4,444,760
<u>10,651,957</u>	<u>9,894,083</u>
<u>59,600,188</u>	<u>54,604,538</u>
2,843,067	2,127,003
<u>367,790</u>	<u>341,663</u>
<u>3,210,857</u>	<u>2,468,666</u>
<u>62,811,045</u>	<u>57,073,204</u>
6,737,049	6,568,703
<u>1,786,833</u>	<u>1,292,339</u>
<u>8,523,882</u>	<u>7,861,042</u>
<u>71,334,927</u>	<u>64,934,246</u>

The accompanying notes to financial statements are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CURRENT FUNDS REVENUES,
EXPENDITURES AND OTHER CHANGES (CONCLUDED)

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	<u>1992</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS) -		
Transfers from plant funds	\$ 1,062,536	\$ -
Transfers to plant funds	<u>(2,021,012)</u>	<u>-</u>
Total other transfers and additions (deductions)	<u>(958,476)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ (204,809)</u>	<u>\$ 21,850</u>

<u>1992</u>	<u>1991</u>
<u>Totals</u>	<u>Totals</u>
\$ 1,062,536	\$ 385,615
<u>(2,021,012)</u>	<u>(1,709,425)</u>
<u>(958,476)</u>	<u>(1,323,810)</u>
<u>\$ (182,959)</u>	<u>\$ 323,974</u>

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1992 AND 1991

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by Morehead State University and the methods of applying those principles which materially affect the University's financial statements are summarized below.

Accrual Basis

The financial statements of Morehead State University (a Commonwealth of Kentucky (state) supported institution of higher education) have been prepared on the accrual basis of accounting. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, funds that have similar characteristics have been combined into fund groups in the accompanying financial statements. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the University's Board of Regents. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the University retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like, is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds, which income is accounted for in the fund to which it is restricted for, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current funds. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Non-current funds of the University include:

Loan Funds - Such funds include monies available for loans to students. Additions to these funds are from governmental appropriations, interest on loans outstanding, and transfers from other University funds. Loans are normally made to students on an unsecured basis.

Endowment Funds - Endowment funds include funds subject to the restrictions of the gift instruments which require the principal be permanently invested and only the income be expended.

Plant Funds - Included in this group are funds to be used for the acquisition of physical properties for institutional purposes, but unexpended at the date of this report; funds expended for, and thus invested in, institutional properties; and funds set aside for debt service charges and for the retirement of indebtedness on institutional properties.

Sources of funds include appropriations of governmental bodies, proceeds from bond issues, income from investments, and transfers from other University funds.

Agency Funds - Included are funds received by the University as custodian or fiscal agent for others, and funds used for certain organized activities. Generally, these funds are disbursed on instructions and in behalf of those from whom received.

Investments

Investments are stated at cost, which does not exceed quoted market values.

Investment in Plant

Investment in plant is stated at cost for purchased assets and at fair value at date of donation in the case of gifts. Expenditures which increase values or extend useful lives of the respective assets are capitalized, whereas expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of assets is computed using the straight-line method over the assets estimated useful lives. Estimated lives used for depreciation purposes are as follows:

<u>Classification</u>	<u>Estimated Life</u>
Improvements	20 years
Buildings	50 years
Vehicles	5-9 years
Equipment	5-15 years

Inventories

Inventories representing approximately 62% and 58% respectively, of total inventories at June 30, 1992 and 1991 are stated at the lower of cost (first-in, first-out basis) or market. The remainder of the inventories are stated at the lower of moving-average-cost or market.

(2) BONDS AND NOTE PAYABLE

The following is a summary of bonds and note payable at June 30, 1992 and 1991:

	<u>1992</u>	<u>1991</u>
2.875 - 7.15% Housing and Dining System Bonds, Series A through M, repayable in annual installments with the final installment due on November 1, 2012	\$20,440,000	\$14,535,000
3 - 6.875% Consolidated Educational Building Revenue Bonds, Series C through I, repayable in annual installments with the final installment due on November 1, 2012	17,135,000	12,575,000
6.2 - 8% State Property and Buildings Commission Project 48 Bond Issue, repayable in semi-annual installments with the final installment due August 1, 2008	5,140,094	5,297,770
4.6-6.5% State Property and Buildings Commission Project 52 Bond Issue, repayable in semi-annual installments with the final installment due August 1, 2011	2,030,000	-
Note payable to a company, repayable in monthly installments of \$6,032, plus interest at prime (currently 8.5%), to June, 1994	149,739	222,123
7.035% State Property and Buildings Commission Project 50 Bond Issue, repayable in semi-annual installments with the final installment due February, 2010	7,206,080	7,400,501
6.95% lease purchase agreement with a bank, repayable in annual installments with the final installment due July 31, 1995	<u>1,300,000</u>	<u>-</u>
	<u>\$53,400,913</u>	<u>\$40,030,394</u>

In order to retire the revenue bonds, the University is required to make deposits to sinking funds in annual amounts sufficient to meet the principal and interest payments due within the next twelve months. During 1992 the University transferred \$1,786,833 to the Housing and Dining System Revenue Bonds Sinking Fund and \$1,626,522 to the Consolidated Educational Building Revenue Bonds Sinking Fund for payment of current year principal and interest. In addition, during 1992, the University transferred \$1,216,545 in unrestricted current funds for the payment of principal and interest on the Project 48, 50 and 52 bond issues and the lease purchase agreement.

The revenue bonds are collateralized by various buildings carried in the accounts at \$59,300,000. The revenues derived from student registration fees, residence hall rental fees, and commissions from food service are pledged as collateral on the revenue bond issues.

The principal and interest repayment requirements relating to the outstanding bonds, lease purchase agreement, and note payable at June 30, 1992, are as follows:

Year Ending <u>June 30,</u>	<u>Repayment Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1993	\$ 3,114,360	\$ 3,146,099	\$ 6,260,459
1994	3,424,494	3,001,327	6,425,821
1995	3,535,945	2,819,205	6,355,150
1996	3,707,770	2,626,830	6,334,600
1997	2,850,518	2,422,440	5,272,958
1998-2012	<u>36,767,826</u>	<u>16,615,208</u>	<u>53,383,034</u>
	<u>\$53,400,913</u>	<u>\$30,631,109</u>	<u>\$84,032,022</u>

(3) PENSION PLAN

Faculty

Faculty and exempt employees holding a degree and occupying full-time positions, defined as seven-tenths (7/10) of normal full-time service on a daily or weekly basis, are required by state law to participate in the Kentucky Teachers Retirement System (KTRS). KTRS provides retirement benefits based on employee and state contributions and investment earnings. Benefits are subject to certain reductions if the employee retires before reaching age sixty, unless the employee has twenty-seven or more years of participation in the plan. Vesting occurs after five years of service. The plan also provides for disability retirement, death and survivor benefits and medical insurance.

Funding for the plan is provided from eligible employees who contribute 6.16% of their salary through payroll deductions and the Commonwealth of Kentucky, which also indirectly contributes 13.84% of current eligible employees' salaries to the KTRS through appropriations to the University. These contributions to KTRS were approximately \$2,997,413. The obligation for pension benefits under KTRS is solely the responsibility of the Commonwealth, and not the University.

Payroll for KTRS participating employees during the year ended June 30, 1992 was \$21,657,598; payroll for all University employees during the year ended June 30, 1992 was \$33,669,677.

Other Employees

Substantially all other full-time University employees are required by law to participate in the Kentucky Employee Retirement System (KERS), a cost sharing, multiple-employer, public employee retirement system. KERS provides retirement benefits based on an employee's final compensation and number of years of service. Benefits are subject to reduction if the employee retires before reaching age sixty-five or less than twenty-seven years of service. Vesting begins immediately upon entry into the system and a fully vested interest occurs after sixty months of service, of which twelve months must be current service. The plan also provides for disability retirement, death and survivor benefits and medical insurance.

Funding for the plan is provided from eligible employees who contribute 5.00% of their salary through payroll deductions and the University, which contributes 7.65% of current eligible employee's salaries to the KERS. University police officers participate in the Hazardous Duty division of KERS. The officers contribute 7% of their salary through payroll deductions while the University contributes 15.05% of current eligible employee's salaries. University contribution rates are determined by the Board of Trustees of the Kentucky Retirement Systems each biennium. The rates are intended to fund the plan's normal cost plus 1% of unfunded past service costs.

<u>1992</u>	<u>1991</u>
<u>Totals</u>	<u>Totals</u>
\$21,674,627	\$20,180,088
1,267,539	1,321,285
220,516	262,735
<u>23,162,682</u>	<u>21,764,108</u>
168,397	41,673
494,152	42,406
26,002	10,971
<u>688,551</u>	<u>95,050</u>
1,897,327	1,715,821
762,617	717,551
51,874	110,256
<u>2,711,818</u>	<u>2,543,628</u>
1,263,757	1,168,640
163,021	144,404
483,220	404,980
<u>1,909,998</u>	<u>1,718,024</u>
1,974,175	1,788,615
1,626,738	1,148,720
292,348	153,181
<u>3,893,261</u>	<u>3,090,516</u>
3,659,615	3,021,364
2,090,375	1,941,811
65,690	59,185
<u>5,815,680</u>	<u>5,022,360</u>
4,761,334	4,266,055
1,373,696	1,408,502
164,139	357,452
<u>6,299,169</u>	<u>6,032,009</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS EXPENDITURES AND
MANDATORY TRANSFERS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	<u>1992</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
EDUCATIONAL AND GENERAL (CONTINUED):		
Operation and maintenance of plant -		
Personal services	\$ 2,988,401	\$ 6,910
Operating expenses	917,074	-
Capital outlay	<u>554,687</u>	<u>-</u>
	<u>4,460,162</u>	<u>6,910</u>
Student financial aid -		
Personal services	105,722	-
Operating expenses	<u>2,407,725</u>	<u>8,138,510</u>
	<u>2,513,447</u>	<u>8,138,510</u>
Total educational and general expenditures -		
Personal services	35,644,757	2,855,508
Operating expenses	9,644,534	9,596,913
Capital outlay	<u>1,666,822</u>	<u>191,654</u>
	<u>46,956,113</u>	<u>12,644,075</u>
Mandatory transfers -		
Principal and interest	2,843,067	-
Loan and other matching funds	<u>367,790</u>	<u>-</u>
	<u>3,210,857</u>	<u>-</u>
TOTAL EDUCATIONAL AND GENERAL	<u>\$50,166,970</u>	<u>\$12,644,075</u>
AUXILIARY ENTERPRISES:		
Expenditures -		
Personal services	\$ 1,654,947	\$ 285,596
Operating expenses	4,734,666	-
Capital outlay	<u>61,840</u>	<u>-</u>
	<u>6,451,453</u>	<u>285,596</u>
Mandatory transfers -		
Principal and interest	<u>1,786,833</u>	<u>-</u>
TOTAL AUXILIARY ENTERPRISES	<u>\$ 8,238,286</u>	<u>\$ 285,596</u>

<u>1992</u>	<u>1991</u>
<u>Totals</u>	<u>Totals</u>
\$ 2,995,311	\$ 2,191,275
917,074	1,717,875
<u>554,687</u>	<u>535,610</u>
<u>4,467,072</u>	<u>4,444,760</u>
105,722	87,905
<u>10,546,235</u>	<u>9,806,178</u>
<u>10,651,957</u>	<u>9,894,083</u>
38,500,265	34,461,436
19,241,447	18,248,732
<u>1,858,476</u>	<u>1,894,370</u>
<u>59,600,188</u>	<u>54,604,538</u>
2,843,067	2,127,003
<u>367,790</u>	<u>341,663</u>
<u>3,210,857</u>	<u>2,468,666</u>
<u>\$62,811,045</u>	<u>\$57,073,204</u>
\$ 1,940,543	\$ 2,291,598
4,734,666	3,939,050
<u>61,840</u>	<u>338,055</u>
<u>6,737,049</u>	<u>6,568,703</u>
<u>1,786,833</u>	<u>1,292,339</u>
<u>\$ 8,523,882</u>	<u>\$ 7,861,042</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS EXPENDITURES AND
MANDATORY TRANSFERS (CONCLUDED)

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	<u>1992</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS (CONCLUDED):		
Expenditures -		
Personal services	\$37,299,704	\$ 3,141,104
Operating expenses	14,379,200	9,596,913
Capital outlay	<u>1,728,662</u>	<u>191,654</u>
	<u>53,407,566</u>	<u>12,929,671</u>
 Mandatory transfers -		
Principal and interest	4,629,900	-
Loan and other matching funds	<u>367,790</u>	<u>-</u>
	<u>4,997,690</u>	<u>-</u>
 TOTAL EXPENDITURES AND MANDATORY TRANSFERS	 <u>\$58,405,256</u>	 <u>\$12,929,671</u>

1992
Totals

1991
Totals

\$40,440,808
23,976,113
1,920,316
66,337,237

\$36,753,034
22,187,782
2,232,425
61,173,241

4,629,900
367,790
4,997,690

3,419,342
341,663
3,761,005

\$71,334,927

\$64,934,246

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CHANGES IN FUND BALANCES - LOAN FUNDS

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	1992	1991
	Perkins Loan Fund	Nursing Loan Fund
BALANCE, beginning of year	<u>\$ 3,319,843</u>	<u>\$20,312</u>
INCREASES:		
Reimbursement for cancellations	36,369	-
Interest income on loans	78,019	858
Miscellaneous interest income	4,183	49
Federal contributions	2,422	-
Institutional contributions	460	-
Other	10	26
Recovery of doubtful accounts previously written off	<u>24,221</u>	<u>-</u>
	<u>145,684</u>	<u>933</u>
DECREASES:		
Loan principal cancelled	40,293	-
Loan interest cancelled	6,047	-
Administrative and collection expenses	14,319	447
Return of excess funds	-	4,749
Other	<u>-</u>	<u>38</u>
	<u>60,659</u>	<u>5,234</u>
BALANCE, end of year	<u>\$ 3,404,868</u>	<u>\$16,011</u>

<u>1992</u>	<u>1991</u>
<u>Totals</u>	<u>Totals</u>
<u>\$ 3,340,155</u>	<u>\$ 3,306,120</u>
36,369	30,329
78,877	72,834
4,232	6,037
2,422	2,068
460	230
36	1,464
<u>24,221</u>	<u>1,693</u>
<u>146,617</u>	<u>114,655</u>
40,293	48,153
6,047	7,751
14,766	16,739
4,749	7,894
<u>38</u>	<u>83</u>
<u>65,893</u>	<u>80,620</u>
<u>\$ 3,420,879</u>	<u>\$ 3,340,155</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF HOUSING SYSTEM
REVENUES AND EXPENDITURES

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991

	<u>1992</u>	<u>1991</u>
REVENUES:		
Housing fees	<u>\$5,247,613</u>	<u>\$5,066,199</u>
OPERATING EXPENDITURES:		
Residence hall grants	340,596	653,590
Residence hall services	629,064	733,968
Student housing	805,611	734,372
Residence hall housing	662,868	611,016
Telephones	261,577	68,326
Faculty/staff housing	40,668	60,673
Married housing	77,614	126,168
Cable	51,350	65,982
Laundry	37,097	38,268
Auxiliary maintenance	<u>857,300</u>	<u>846,199</u>
	<u>3,763,745</u>	<u>3,938,562</u>
REVENUES IN EXCESS OF OPERATING EXPENDITURES	<u>1,483,868</u>	<u>1,127,637</u>
DEBT SERVICE EXPENDITURES:		
Principal	770,000	660,000
Interest	<u>990,524</u>	<u>783,414</u>
	<u>1,760,524</u>	<u>1,443,414</u>
EXPENDITURES IN EXCESS OF REVENUES	<u>\$ (276,656)</u>	<u>\$ (315,777)</u>

MOREHEAD STATE UNIVERSITY

SUMMARY SCHEDULE OF BONDS, NOTE AND LEASE PAYABLE

JUNE 30, 1992

	<u>Original Issue</u>	<u>Outstanding June 30, 1992</u>
HOUSING AND DINING SYSTEM		
REVENUE BONDS:		
Series A	\$1,040,000	\$ 330,000
Series B	735,000	240,000
Series C	525,000	170,000
Series D	1,050,000	440,000
Series E	200,000	75,000
Series F	390,000	280,000
Series G	1,340,000	720,000
Series H	1,840,000	915,000
Series I	3,920,000	2,065,000
Series J	5,800,000	1,695,000
Series K	3,530,000	3,365,000
Series L	3,560,000	3,470,000
Series M	6,675,000	6,675,000
CONSOLIDATED EDUCATIONAL BUILDING		
REVENUE BONDS:		
Series C	1,950,000	440,000
Series D	5,300,000	1,630,000
Series E	4,350,000	1,065,000
Series F	4,100,000	1,465,000
Series G	6,300,000	3,895,000
Series H	3,160,000	2,940,000
Series I	5,700,000	5,700,000
PROJECT 48 BONDS	5,667,000	5,140,094
PROJECT 50 BONDS	7,400,501	7,206,080
PROJECT 52 BONDS	2,030,000	2,030,000
NOTE PAYABLE	366,893	149,739
LEASE PURCHASE AGREEMENT	1,300,000	<u>1,300,000</u>
TOTAL BONDS, NOTE AND LEASE PAYABLE		<u>\$53,400,913</u>

MOREHEAD STATE UNIVERSITY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES

SINKING FUNDS

FOR THE YEAR ENDED JUNE 30, 1992

	<u>Sinking Fund</u>	<u>Housing and Dining System Debt Service Reserve Fund</u>
FUND BALANCES, June 30, 1991	\$ <u>978,428</u>	\$ <u>676,718</u>
RECEIPTS AND OTHER ADDITIONS:		
Transferred from Housing System Revenue Fund	1,786,833	-
Transferred from Consolidated Educational Revenue Fund	-	-
Income from investments	45,583	62,256
Redemption of investments	1,772,807	2,702,254
Transfer from Sinking Fund	-	627,453
Increase in investments	-	1,450,270
Bond proceeds	<u>33,042</u>	<u>825,431</u>
	<u>3,638,265</u>	<u>5,667,664</u>
Total available funds	<u>4,616,693</u>	<u>6,344,382</u>
DISBURSEMENTS AND OTHER DEDUCTIONS:		
Redemption of bonds	770,000	-
Payment of interest	1,006,303	-
Purchase of investments	909,214	4,102,526
Transfer to Debt Service Reserve Fund	627,453	-
Decrease in investments	919,917	-
Other	<u>-</u>	<u>114,990</u>
	<u>4,232,887</u>	<u>4,217,516</u>
FUND BALANCES, June 30, 1992	<u>\$ 383,806</u>	<u>\$ 2,126,866</u>

<u>Repair Fund</u>	Consolidated Educational Building <u>Bonds</u>	<u>Totals</u>
<u>\$ 347,185</u>	<u>\$1,932,030</u>	<u>\$ 3,934,361</u>
-	-	1,786,833
-	1,626,255	1,626,255
18,690	156,832	283,361
917,694	-	5,392,755
-	-	627,453
19,340	-	1,469,610
-	-	<u>858,473</u>
<u>955,724</u>	<u>1,783,087</u>	<u>12,044,740</u>
<u>1,302,909</u>	<u>3,715,117</u>	<u>15,979,101</u>
-	1,140,000	1,910,000
-	713,154	1,719,457
936,468	-	5,948,208
-	-	627,453
-	-	919,917
-	-	<u>114,990</u>
<u>936,468</u>	<u>1,853,154</u>	<u>11,240,025</u>
<u>\$ 366,441</u>	<u>\$1,861,963</u>	<u>\$ 4,739,076</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
HOUSING AND DINING SYSTEM REVENUE BONDS

SUBSEQUENT TO JUNE 30, 1992

<u>Year Ending</u> <u>June 30.</u>	<u>SERIES A</u>		<u>SERIES B</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1993	\$ 40,000	\$ 9,300	\$ 30,000	\$ 6,469
1994	40,000	8,100	30,000	5,606
1995	45,000	6,825	30,000	4,744
1996	45,000	5,475	30,000	3,881
1997	45,000	4,125	30,000	3,019
1998-2011	<u>115,000</u>	<u>4,500</u>	<u>90,000</u>	<u>3,681</u>
TOTALS	<u>\$330,000</u>	<u>\$ 38,325</u>	<u>\$240,000</u>	<u>\$ 27,400</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$368,325</u>		<u>\$267,400</u>

<u>SERIES C</u>		<u>SERIES D</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 20,000	\$ 5,000	\$ 40,000	\$ 14,700
20,000	4,375	40,000	13,300
20,000	3,750	40,000	11,900
20,000	3,125	40,000	10,500
25,000	2,422	45,000	9,013
<u>65,000</u>	<u>2,734</u>	<u>235,000</u>	<u>21,087</u>
<u>\$170,000</u>	<u>\$ 21,406</u>	<u>\$440,000</u>	<u>\$ 80,500</u>
	<u>\$191,406</u>		<u>\$520,500</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
HOUSING AND DINING SYSTEM REVENUE BONDS (CONTINUED)

SUBSEQUENT TO JUNE 30, 1992

Year Ending <u>June 30,</u>	<u>SERIES E</u>		<u>SERIES F</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1993	\$ 5,000	\$ 2,447	\$ 25,000	\$ 9,028
1994	5,000	2,278	25,000	8,184
1995	5,000	2,109	25,000	7,341
1996	5,000	1,941	25,000	6,497
1997	10,000	1,688	30,000	5,569
1998-2011	<u>45,000</u>	<u>3,459</u>	<u>150,000</u>	<u>12,656</u>
TOTALS	<u>\$ 75,000</u>	<u>\$ 13,922</u>	<u>\$280,000</u>	<u>\$ 49,275</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$ 88,922</u>		<u>\$329,275</u>

<u>SERIES G</u>		<u>SERIES H</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 55,000	\$ 24,238	\$ 60,000	\$ 33,188
60,000	22,225	60,000	30,938
60,000	20,125	60,000	28,688
60,000	18,025	65,000	26,344
65,000	15,838	65,000	23,906
<u>420,000</u>	<u>45,500</u>	<u>605,000</u>	<u>95,344</u>
<u>\$720,000</u>	<u>\$ 145,951</u>	<u>\$ 915,000</u>	<u>\$ 238,408</u>
	<u>\$ 865,951</u>		<u>\$1,153,408</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
HOUSING AND DINING SYSTEM REVENUE BONDS (CONCLUDED)

SUBSEQUENT TO JUNE 30, 1992

Year Ending June 30,	<u>SERIES I</u>		<u>SERIES J</u>		<u>SERIES K</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1993	\$ 115,000	\$ 60,225	\$ 245,000	\$ 84,915	\$ 90,000	\$ 227,153
1994	120,000	56,700	260,000	71,280	100,000	220,740
1995	125,000	53,025	280,000	56,700	105,000	213,821
1996	130,000	49,200	280,000	41,580	115,000	206,396
1997	135,000	45,225	305,000	25,785	125,000	198,296
1998-2011	<u>1,440,000</u>	<u>203,400</u>	<u>325,000</u>	<u>8,775</u>	<u>2,830,000</u>	<u>1,466,922</u>
TOTALS	<u>\$2,065,000</u>	<u>\$ 467,775</u>	<u>\$1,695,000</u>	<u>\$ 289,035</u>	<u>\$3,365,000</u>	<u>\$2,533,328</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$2,532,775</u>		<u>\$1,984,035</u>		<u>\$5,898,328</u>

<u>SERIES L</u>		<u>SERIES M</u>		<u>Total Requirements</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 95,000	\$ 237,980	\$ -	\$ 410,165	\$ 820,000	\$ 1,124,808
100,000	231,885	175,000	404,915	1,035,000	1,080,526
110,000	225,215	185,000	394,115	1,090,000	1,028,358
115,000	217,958	195,000	382,715	1,125,000	973,637
120,000	210,260	205,000	370,715	1,205,000	915,861
<u>2,930,000</u>	<u>1,683,865</u>	<u>5,915,000</u>	<u>3,457,883</u>	<u>15,165,000</u>	<u>7,009,806</u>
<u>\$3,470,000</u>	<u>\$2,807,163</u>	<u>\$6,675,000</u>	<u>\$ 5,420,508</u>	<u>\$20,440,000</u>	<u>\$12,132,996</u>
	<u>\$6,277,163</u>		<u>\$12,095,508</u>		<u>\$32,572,996</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
CONSOLIDATED EDUCATIONAL BUILDING REVENUE BONDS

SUBSEQUENT TO JUNE 30, 1992

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>SERIES C</u>	<u>Interest</u>
1993	\$215,000		\$ 15,081
1994	225,000		6,750
1995	-		-
1996	-		-
1997	-		-
1998 - 2007	-		-
TOTALS	<u>\$440,000</u>		<u>\$ 21,831</u>
TOTAL PRINCIPAL AND INTEREST			<u>\$461,831</u>

<u>SERIES D</u>	
<u>Principal</u>	<u>Interest</u>
\$ 270,000	\$ 66,830
280,000	55,760
530,000	44,280
550,000	22,550
-	-
-	-
<u>\$1,630,000</u>	<u>\$ 189,420</u>
	<u>\$1,819,420</u>

<u>SERIES E</u>	
<u>Principal</u>	<u>Interest</u>
\$ 245,000	\$ 51,120
260,000	39,360
275,000	26,880
285,000	13,680
-	-
-	-
<u>\$1,065,000</u>	<u>\$ 131,040</u>
	<u>\$1,196,040</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
CONSOLIDATED EDUCATIONAL BUILDING REVENUE BONDS (CONCLUDED)

SUBSEQUENT TO JUNE 30, 1992

<u>Year Ending</u> <u>June 30.</u>	<u>SERIES F</u>		<u>SERIES G</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1993	\$ 180,000	\$ 80,985	\$ 225,000	\$ 249,055
1994	190,000	70,725	240,000	234,880
1995	190,000	59,895	255,000	219,520
1996	205,000	49,065	270,000	203,200
1997	340,000	37,380	300,000	185,920
1998-2007	<u>360,000</u>	<u>18,000</u>	<u>2,605,000</u>	<u>465,280</u>
TOTALS	<u>\$1,465,000</u>	<u>\$ 316,050</u>	<u>\$3,895,000</u>	<u>\$1,557,855</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$1,781,050</u>		<u>\$5,452,855</u>

<u>SERIES H</u>		<u>SERIES I</u>		<u>Total Requirements</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 60,000	\$ 194,089	\$ 185,000	\$ 309,907	\$ 1,380,000	\$ 967,067
60,000	190,849	160,000	327,165	1,415,000	925,489
70,000	187,489	170,000	317,725	1,490,000	855,789
75,000	183,464	180,000	307,695	1,565,000	779,654
120,000	179,039	185,000	297,075	945,000	699,414
<u>2,555,000</u>	<u>1,133,870</u>	<u>4,820,000</u>	<u>2,640,240</u>	<u>10,340,000</u>	<u>4,257,390</u>
<u>\$2,940,000</u>	<u>\$2,068,800</u>	<u>\$5,700,000</u>	<u>\$4,199,807</u>	<u>\$17,135,000</u>	<u>\$ 8,484,803</u>
	<u>\$5,008,800</u>		<u>\$9,899,807</u>		<u>\$25,619,803</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF PRINCIPAL RETIREMENT AND INTEREST PAYMENTS

PROJECT 48, 50 AND 52 BONDS AND OTHER LONG-TERM PAYABLES

SUBSEQUENT TO JUNE 30, 1992

Year Ending June 30,	<u>PROJECT 48</u>		<u>PROJECT 50</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1993	\$ 167,976	\$ 387,485	\$ 225,986	\$ 457,347
1994	179,861	375,902	238,899	444,353
1995	192,539	363,317	253,248	430,257
1996	206,008	349,651	268,313	415,063
1997	221,063	334,821	284,455	398,696
1998 - 2010	<u>4,172,647</u>	<u>2,218,230</u>	<u>5,935,179</u>	<u>2,948,489</u>
TOTALS	<u>\$5,140,094</u>	<u>\$4,029,406</u>	<u>\$7,206,080</u>	<u>\$ 5,094,205</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$9,169,500</u>		<u>\$12,300,285</u>

<u>PROJECT 52</u>		<u>NOTE PAYABLE</u>		<u>LEASE PURCHASE AGREEMENT</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 155,000	\$ 109,391	\$ 72,384	\$ 9,651	\$ 293,014	\$ 90,350
165,000	101,783	77,355	3,288	313,379	69,986
175,000	93,278	-	-	335,158	48,206
185,000	83,913	-	-	358,449	24,912
195,000	73,648	-	-	-	-
<u>1,155,000</u>	<u>181,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$2,030,000</u>	<u>\$ 643,306</u>	<u>\$149,739</u>	<u>\$ 12,939</u>	<u>\$1,300,000</u>	<u>\$ 233,454</u>
	<u>\$2,673,306</u>		<u>\$162,678</u>		<u>\$1,533,454</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1992

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
United States Department of Health and Human Services:			
Direct Programs -			
Child Development Handicapped 87-88	84.027	08/01/87-07/31/88	Closed
Child Development 91-92	84.027	08/01/91-07/31/92	69,975
Supplementary Training 87-88	13.790	09/01/87-08/31/88	Closed
Supplementary Training 88-89	13.790	09/01/88-08/31/89	Closed
Supplementary Training 89-90	13.790	09/01/89-08/31/90	2,820
Child Development 90-91	84.027	09/01/90-08/31/91	75,754
Health Science Information 90-91	13.991	09/28/90-09/27/92	65,707
Health Science Information 91-92	13.991	09/28/90-09/27/92	18,741
Drug Education 91-92	84.241A	10/01/91-09/30/92	63,238
Passed Through Gateway Community Services, Inc. -			
Head Start 91-92	13.600	08/01/91-07/31/92	89,239
Head Start 90-91	13.600	08/01/90-07/31/91	76,514
Passed through National Collegiate Athletics Association -			
NCAA Supplemental	-	06/01/90-05/31/92	2,345
NYSP Extended 90-91	-	10/01/90-05/31/91	39,568
NCAA Camp 1991	-	06/01/91-05/31/92	45,293
NCAA Camp 1992	-	06/01/92-05/31/93	42,500
Passed through Kentucky Cabinet for Human Resources -			
JOBS Service Instruction 1991	93.021	07/01/90-06/30/91	20,401
JOBS Service Contract 1991	93.021	07/01/90-06/30/91	3,159
JOBS Family Support Services 1991	93.021	03/01/91-06/30/91	17,486
JOBS College Classes 91-92	93.021	07/01/91-06/30/92	4,372
JOBS Support Services	93.021	07/01/91-06/30/92	7,140
JOBS ABE/GED 91-92	93.021	07/01/91-06/30/92	26,643
Total United States Department of Health and Human Services			
United States Department of Education:			
Direct Programs -			
College Work-Study	SFA(1)	07/01/91-06/30/92	782,988
Perkins Loan Program	SFA(1)	Indefinite	778,961
Supplemental Educational Opportunity Grant	SFA(1)	07/01/90-06/30/91	175,144
Pell Grant	SFA(1)	07/01/90-06/30/91	6,508,416

Unearned Revenue
(Revenue
Receivable)
as of
6/30/91

Funds Received
7/1/91 to
6/30/92

Funds Disbursed
7/1/91 to
6/30/92

Unearned Revenue
(Revenue
Receivable)
as of
6/30/92

\$ 300
-
2,324
3,668
(2,107)
8,837
(43,418)
-
-
(30,396)

\$ -
73,080
-
-
2,107
-
37,915
-
40,000
153,102

\$ -
60,458
2,324
3,668
-
8,837
6,753
5,377
29,343
116,760

\$ 300
12,622
-
-
-
-
(12,256)
(5,377)
10,657
5,946

-
(37,868)
(37,868)

49,393
37,868
87,261

88,058
-
88,058

(38,665)
-
(38,665)

-
24,096
30,412
-
54,508

2,345
-
9,801
28,475
40,621

638
24,096
41,049
-
65,783

1,707
-
(836)
28,475
29,346

9,458
2,322
(22,114)
-
-
-
(10,334)
(24,090)

800
-
24,294
3,187
9,800
16,907
54,988
335,972

10,258
3,222
-
3,339
4,754
23,540
45,113
315,714

-
(900)
2,180
(152)
5,046
(6,633)
(459)
(3,832)

(47,125)
(3,332,722)
-
(119,372)

834,673
4,778,371
179,721
6,297,861

787,548
4,759,574
179,721
6,529,707

-
(3,313,925)
-
(351,218)

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1992

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
Guaranteed Student Loans	SFA(1)	07/01/90-06/30/91	-
Upward Bound 92-93	84.047A(1)	06/01/92-05/31/93	370,231
Upward Bound 89-90	84.047A(1)	06/01/89-05/31/90	Closed
Upward Bound 90-91	84.047A(1)	06/01/90-05/31/91	226,048
Upward Bound 91-92	84.047A(1)	06/01/91-05/30/92	300,023
Talent Search 89-90	84.044A	07/01/89-06/30/90	Closed
Talent Search 90-91	84.044A	07/01/90-06/30/91	171,903
Talent Search 91-92	84.044A	07/01/91-06/30/92	234,069
Cooperative Education 88-89	84.199	10/01/88-09/30/89	Closed
Special Services 89-90	84.042A	09/01/89-08/31/90	25,303
Special Services 90-91	84.042A	09/01/90-08/31/91	145,494
Special Services 91-92	84.042A	09/01/91-08/31/92	170,833
Veteran's Education Outreach 90-91	84.064	07/01/90-06/30/91	1,691
Veteran's Education Outreach 91-92	84.064	07/01/91-06/30/92	-
Upward Bound - Meals		07/01/91-06/30/92	10,000
Destination Graduation - Academic 91-92	84.204A	10/01/91-09/30/92	22,907
Destination Graduation - Summer 91-92	84.204A	10/01/91-09/30/92	44,000
Destination Graduation - Academic 90-91	84.204A	10/01/90-09/30/91	24,703
Destination Graduation - Summer 90-91	84.204A	10/01/90-09/30/91	42,338
Passed through State Department of Education -			
DOE-Jefferson Partnership 88-89	84.151	07/01/88-09/30/90	2,742
Student Recruitment Training 1991	84.002	07/01/90-06/30/91	17,441
Service Delivery System 1991	84.002	07/01/90-06/30/91	5,000
Agriculture Teacher	84.164	07/01/90-06/30/91	3,400
Health Education 91-92	84.215B	07/01/91-06/30/92	80,000
Educational Opportunity Center 91-92	84.066A	09/01/91-08/31/92	242,947
Vocational Ed. Lab 91-92	84.048	07/01/91-06/30/92	67,214
Vocational Ed. - Chair	84.048	07/01/91-06/30/92	29,234
Fashion Merchandising 91	84.048	07/01/91-06/30/92	8,321
Radio Technology	84.048	07/01/91-06/30/92	21,596
Office Management	84.048	07/01/91-06/30/92	14,904
Field Base 91-92	84.048	07/01/91-06/30/92	16,000
Business Teacher Enrichment	84.048	07/01/91-06/30/92	3,500
Home Economics 91-92	84.048	07/01/91-06/30/92	3,200
Administration Vocation	84.048	07/01/91-06/30/92	500
Agricultural Education	84.048	07/01/91-06/30/92	3,200
Applied Science	84.048	07/01/91-06/30/92	3,000
Vet Technology	84.048	07/01/91-06/30/92	58,500
Supplemental Vo-Ed	84.048	07/01/91-06/30/92	30,853

Unearned Revenue (Revenue Receivable) as of <u>6/30/91</u>	Funds Received 7/1/91 to <u>6/30/92</u>	Funds Disbursed 7/1/91 to <u>6/30/92</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/92</u>
-	4,758,927	4,758,927	-
-	62,091	69,256	(7,165)
80,045	-	-	80,045
(60,224)	-	15,512	(75,736)
3,141	231,033	270,373	(36,199)
(9,943)	-	-	(9,943)
13,849	34,903	12,386	36,366
-	196,801	234,382	(37,581)
1,206	-	-	1,206
7,360	-	-	7,360
8,236	35,494	31,450	12,280
-	155,833	138,149	17,684
1,691	-	1,691	-
-	13	-	13
-	4,920	4,920	-
-	18,965	21,160	(2,195)
-	8,580	21,612	(13,032)
(12,742)	12,712	-	(30)
<u>(10,753)</u>	<u>37,483</u>	<u>26,844</u>	<u>(114)</u>
<u>(3,477,353)</u>	<u>17,648,381</u>	<u>17,863,212</u>	<u>(3,692,184)</u>
45	-	-	45
(1,503)	-	44	(1,547)
(480)	-	-	(480)
2,753	-	3,256	(503)
-	65,000	48,381	16,619
-	205,000	187,313	17,687
-	22,592	57,767	(35,175)
-	18,979	26,418	(7,439)
-	7,020	8,321	(1,301)
-	3,407	19,293	(15,886)
-	11,483	14,416	(2,933)
-	5,925	15,462	(9,537)
-	1,817	3,500	(1,683)
-	2,138	3,194	(1,056)
-	79	155	(76)
-	1,814	3,199	(1,385)
-	359	1,659	(1,300)
-	-	47,147	(47,147)
-	-	5,331	(5,331)
<u>815</u>	<u>345,613</u>	<u>444,856</u>	<u>(98,428)</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1992

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
Passed Through State Department of Adult and Technical Education -			
Home Economics Enrichment 89-90	84.049	07/01/89-06/30/90	Closed
Business Teacher Education 90-91	84.048	07/01/90-06/30/91	4,900
Field Base Teacher Education 90-91	84.048	07/01/90-06/30/91	20,600
Administration and Coordination 90-91	84.048	07/01/90-06/30/91	1,000
Agribusiness Education 90-91	84.049	07/01/90-06/30/91	4,000
Home Economics 90-91	84.048	07/01/90-06/30/91	7,000
Nursing Part A-Disadvantaged 90-91	84.048	07/01/90-06/30/91	11,534
Nursing Part A-Regular 90-91	84.048	07/01/90-06/30/91	4,556
Radiologic Tech Part B 90-91	84.048	07/01/90-06/30/91	4,554
Industrial Ed Part A-Handicapped 90-91	84.049	07/01/90-06/30/91	4,260
Industrial Ed Part A-Regular 90-91	84.048	07/01/90-06/30/91	4,555
Industrial Ed Part B-Regular 90-91	84.048	07/01/90-06/30/91	4,554
Technology Education 90-91	84.048	07/01/90-06/30/91	3,000

Total United States Department
of Education

United States Department of
Employment Services:

JTPA MSU Learning Center 90-91	17.246-17.251	07/01/90-06/30/91	15,960
ABE Food Stamp 89-90	17.246-17.251	10/01/89-09/30/90	15,930
ABE Food Stamp 1989	17.246-17.251	03/01/89-09/30/89	Closed
JTPA Morgan County 90-91	17.246-17.251	07/01/90-06/30/91	10,710
JTPA MOAR 90-91	17.246-17.251	04/01/90-07/31/91	52,888
JTPA MOAR 91-92	17.246-17.251	05/01/91-08/09/91	78,048
JTPA Associate Degree 90-91	17.246-17.251	07/01/90-06/30/91	26,230
JTPA Associate Degree 91-92	17.246-17.251	07/01/91-06/30/92	17,922
JTPA Medical/Clerical/Retail 90-91	17.246-17.251	07/01/90-06/30/91	56,383
JTPA Pharmacy 90-91	17.246-17.251	07/01/90-06/30/91	22,655
JTPA Pharmacy 89-90	17.246-17.251	08/28/89-06/30/90	Closed
JTPA Pharmacy 88-89	17.246-17.251	07/01/88-06/30/89	Closed
JTPA Medical Aid 88-89	17.246-17.251	07/01/88-06/30/89	Closed
JTPA Contingency	17.246-17.251	Ongoing	767
Youth Education Services 89	17.246-17.251	03/27/89 - Spent	79
Pre-Employment Work Training 89	17.246-17.251	01/16/89-04/14/89	Closed
JTPA MOAR 92-93	17.246-17.251	05/01/92-08/09/92	82,033
JTPA MOAR Meals		07/01/91-06/30/92	-

Total United States Department
of Employment Services

Unearned Revenue (Revenue Receivable) as of <u>6/30/91</u>	Funds Received 7/1/91 to <u>6/30/92</u>	Funds Disbursed 7/1/91 to <u>6/30/92</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/92</u>
(4)	-	-	(4)
(1,717)	1,717	-	-
(4,651)	4,651	-	-
(664)	664	-	-
(2,093)	2,093	-	-
(2,520)	2,520	-	-
(3,377)	3,377	-	-
(3,755)	3,755	-	-
(3,600)	3,600	-	-
(3,467)	3,467	-	-
(2,290)	2,290	-	-
(4,515)	4,515	-	-
(2,424)	2,424	-	-
<u>(35,077)</u>	<u>35,073</u>	<u>-</u>	<u>(4)</u>
<u>(3,511,615)</u>	<u>18,029,067</u>	<u>18,308,068</u>	<u>(3,790,616)</u>
8,359	3,325	9,710	1,974
7,570	-	20	7,550
(2,170)	-	-	(2,170)
(433)	-	600	(1,033)
5,667	-	1,125	4,542
(20,044)	74,731	47,488	7,199
(8,928)	11,451	-	2,523
-	7,398	13,129	(5,731)
(9,443)	11,731	2,894	(606)
(2,911)	2,622	959	(1,248)
(21)	-	-	(21)
(5,698)	-	-	(5,698)
(5,262)	-	-	(5,262)
632	-	-	632
485	-	-	485
-	191	-	191
-	-	21,843	(21,843)
-	5,438	5,438	-
<u>(32,197)</u>	<u>116,887</u>	<u>103,206</u>	<u>(18,516)</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1992

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
Corporation for Public Broadcasting:			
CPB Grant 90-92	-	10/01/90-09/30/92	83,121
CPB Grant 86-88	-	10/01/86-09/30/88	Closed
CPB/NPPAG 91-93	-	10/01/91-09/30/93	31,064
CPB/NPPAG 91-93	-	10/01/91-09/30/93	80,044
Radio Tune-In 88	-	10/01/87-09/30/88	Closed
Total Corporation for Public Broadcasting			
Small Business Administration:			
SBDC Federal 90-91	59.037	09/30/90-09/29/91	126,600
SBDC Federal 91-92	59.037	09/30/91-09/29/92	138,600
Small Business Mini-Grant	59.037	Ongoing	5,591
Total Small Business Administration			
OTHER FEDERALLY-SPONSORED PROJECTS:			
Appalachian Regional Commission:			
Forestry Technology 91-92	23.012	06/15/91-06/15/92	58,069
Forestry Technology 90-91	23.012	10/01/90-06/15/91	32,946
Forestry Technology 89-90	23.012	10/01/89-09/30/90	49,774
Forestry Technology 88-89	23.012	10/01/88-09/30/89	14,914
Action:			
RSVP 1990	72.002	03/01/90-06/30/90	13,720
RSVP Action 91-92	72.002	03/01/91-06/30/92	
RSVP Action 90-91	72.002	07/01/90-06/30/91	35,850
RSVP Mentor Program 91-92	72.002	07/01/91-06/30/92	5,000
Vista-Travel 89-90	72.002	06/26/89-06/25/90	Closed
Vista-Travel 90-91	72.002	06/26/90-06/25/91	2,900
Vista-Travel 91-92	72.002	06/26/91-06/25/92	4,500
National Science Foundation			
Math Teachers 90-91	47.066	05/01/90-04/30/91	16,508
Math Teachers 91-92	47.066	01/01/91-12/31/91	35,579
Sediment Water 91-92	47.066	04/01/91-03/31/92	6,480
Sediment Water 92-93	47.066	04/01/92-03/31/93	7,960
EPSSCOR Reeder	-	05/01/92-04/30/93	12,521
EPSOR Mattingly	-	05/01/92-04/30/93	15,000
United States Department of Agriculture:			
NCAA Camp Food 91	10.599	07/01/91-08/02/91	20,912
NCAA Camp Food 90	10.599	06/25/90-07/27/90	18,861

Unearned Revenue
(Revenue
Receivable)
as of
6/30/91

Funds Received
7/1/91 to
6/30/92

Funds Disbursed
7/1/91 to
6/30/92

Unearned Revenue
(Revenue
Receivable)
as of
6/30/92

19,771	-	19,796	(25)
(67)	-	-	(67)
-	31,064	31,064	-
-	80,044	68,295	11,749
<u>(11)</u>	<u>-</u>	<u>-</u>	<u>(11)</u>

<u>19,693</u>	<u>111,108</u>	<u>119,155</u>	<u>11,646</u>
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(58,022)	95,098	37,225	(149)
-	37,875	110,296	(72,421)
<u>3,716</u>	<u>2,500</u>	<u>4,289</u>	<u>1,927</u>

<u>(54,306)</u>	<u>135,473</u>	<u>151,810</u>	<u>(70,643)</u>
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-	31,351	44,331	(12,980)
(12,738)	408	-	(12,330)
(21,517)	-	-	(21,517)
(783)	-	-	(783)

439	-	439	-
(32)	32,732	37,345	(4,645)
(10,504)	10,511	-	7
-	-	4,679	(4,679)
-	98	-	98
(658)	658	-	-
-	3,985	4,480	(495)

(2,943)	2,943	-	-
-	26,032	29,464	(3,432)
(518)	6,480	5,962	-
-	7,560	6,203	1,357
-	-	8,588	(8,588)
-	-	6,338	(6,338)

-	16,283	16,283	-
(29)	-	-	(29)

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 1992

<u>Federal Grantor/Pass-Through. Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
U.S. Environmental Protection Agency: Micro Lab 91-92	-	04/09/91-06/30/91	3,050
Total Other Federally-Sponsored Projects			
Total Federal Awards			

Unearned Revenue (Revenue Receivable) as of <u>6/30/91</u>	Funds Received 7/1/91 to <u>6/30/92</u>	Funds Disbursed 7/1/91 to <u>6/30/92</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/92</u>
<u>3,050</u>	<u>3,995</u>	<u>10,261</u>	<u>(3,216)</u>
<u>(46,233)</u>	<u>143,036</u>	<u>174,373</u>	<u>(77,570)</u>
<u>\$(3,648,748)</u>	<u>\$18,871,543</u>	<u>\$19,172,326</u>	<u>\$(3,949,531)</u>

(1) Major Federal Awards Program.



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF FEDERAL AWARDS

Members of the Board of Regents and
Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1992, and have issued our report thereon dated September 24, 1992. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of Morehead State University taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kelley, Galloway & Company, PSC

September 24, 1992



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS
AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Regents and
Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1992, and have issued our report thereon dated September 24, 1992.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to Morehead State University is the responsibility of the University's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Morehead State University's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Morehead State University complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Morehead State University had not complied, in all material respects, with those provisions.

This report is intended for the information and use of management, the Board of Regents, the cognizant Federal audit agency and other audit agencies. However, this report is a matter of public record, and its distribution is not limited.

Kelley, Galloway & Company, PSC

September 24, 1992



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S COMBINED REPORT ON COMPLIANCE WITH
GENERAL REQUIREMENTS APPLICABLE TO FEDERAL
AWARD PROGRAMS AND SPECIFIC REQUIREMENTS
APPLICABLE TO MAJOR AND NONMAJOR PROGRAM TRANSACTIONS

Members of the Board of Regents and
Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1992, and have issued our report thereon dated September 24, 1992.

We have also audited Morehead State University's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal award programs, which are identified in the accompanying schedule of federal awards, for the year ended June 30, 1992. The management of Morehead State University is responsible for the University's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings and questioned costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Morehead State University complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal award programs for the year ended June 30, 1992.

In connection with our audit of the financial statements of Morehead State University for the year ended June 30, 1992, and with our consideration of the University's internal control structure used to administer federal award programs, as required by OMB Circular A-133, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1992. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, and eligibility requirements that are applicable to those transactions. Also, we have applied procedures to test Morehead State University's compliance with the following requirements applicable to each of its federal award programs, the major programs of which are identified in the accompanying schedule of federal awards for the year ended June 30, 1992:

- a. Political activity
- b. Civil rights
- c. Cash management
- d. Federal financial reports
- e. Allowable costs/cost principles
- f. Drug-Free Workplace Act
- g. Administrative requirements.

Our procedures for testing the general requirements that are listed in the preceding paragraph were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Nonprofit Institutions. Our procedures for testing compliance with the general requirements and the specific requirements applicable to the nonmajor programs which are listed in the preceding paragraph were substantially less in scope than an audit, the objective of which is the expression of an opinion on Morehead State University's compliance with the requirements. Accordingly, we do not express such as opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the sixth paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Morehead State University had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information and use of management, the Board of Regents, the cognizant Federal audit agency and other audit agencies. However, this report is a matter of public record and its distribution is not limited.

Kelley, Galloway + Company, PSC

September 24, 1992

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 1992

Questioned
Costs

STAFFORD LOAN OVERAWARD

Finding -

Of fifty Stafford borrowers tested, we noted one instance where a student was awarded \$300 more than allowed and one other instance where a student was awarded \$214 more than allowed. Total Stafford awards for the year ended June 30, 1992 approximated \$4,760,000.

\$ 514

Recommendation -

We recommend procedures be followed in reviewing aggregate Stafford awards to ensure the proper limitations are observed.

PARENT LOANS FOR UNDERGRADUATE STUDENTS (PLUS) OVERAWARD

Finding -

Of five PLUS borrowers tested, we noted one instance where the student was awarded \$370 more than allowed.

\$ 370

Recommendation -

We recommend procedures be followed in reviewing aggregate PLUS awards to ensure the proper limitations are observed.

SUPPLEMENTAL LOANS FOR STUDENTS (SLS) OVERAWARD

Finding -

Of five SLS tested, we noted one instance where the student was awarded \$600 more than allowed.

\$ 600

Recommendation -

We recommend procedures be followed in reviewing aggregate SLS awards to ensure the proper limitations are observed.

VOCATIONAL REHABILITATION OVERAWARD

Finding -

Of fifty students awarded financial aid tested, we noted one instance where the student was awarded \$740 more than allowed of a Vocational Rehabilitation award.

\$ 740

Recommendation -

We recommend procedures be followed in reviewing aggregate Vocational Rehabilitation awards to ensure the proper limitations are observed.

EXIT INTERVIEWS

Finding -

Of fifty Stafford borrowers tested, we noted nine students had left the institution in the current year. Of these nine, we noted seven did not have an exit interview. We also noted these students were not mailed exit interview information.

\$ -

Recommendation -

Established Department of Education regulations should be followed in conducting exit interviews.

REFUND/REPAYMENT RETURN FUNDS TO PROGRAM/LENDER

Finding -

Of twenty-five refund/repayment calculations tested, it was determined that allocated funds were not returned to the proper program accounts within the required period in six instances.

\$ -

Recommendation -

Established regulations of the Department of Education should be followed with respect to the return of funds to the proper program accounts or lenders as a result of refunds/repayments. The University's employees responsible for returning the calculated amounts to the program accounts or lenders should be familiar with the time periods established by Department of Education regulations and coordinate with other University departments to ensure timely return of program funds.



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

SINGLE AUDIT COMBINED REPORT ON INTERNAL CONTROL
STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
AND THE ADDITIONAL TESTS REQUIRED BY THE SINGLE AUDIT ACT

Members of the Board of Regents and
Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

We have audited the financial statements of Morehead State University for the year ended June 30, 1992, and have issued our report thereon dated September 24, 1992. We have also audited the University's compliance with requirements applicable to major programs and have issued our report thereon dated September 24, 1992.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the University complied with laws and regulations, noncompliance with which would be material to a major program.

In planning and performing our audits of the financial statements of Morehead State University for the year ended June 30, 1992, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing opinions on the financial statements and on its compliance with requirements applicable to major federal award programs and not to provide assurance on the internal control structure.

The management of Morehead State University is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- A. Accounting Controls
 - 1. Treasury or financing
 - 2. Revenue/receipts
 - 3. Purchases/disbursements
 - 4. Payroll/personnel
 - 5. External financial reporting.

- B. Controls Used in Administering Federal Award Programs
 - 1. General Requirements
 - a. Political activity
 - b. Civil rights
 - c. Cash management
 - d. Federal financial reports
 - e. Allowable costs/cost principles
 - f. Drug-Free Workplace Act
 - g. Administrative requirements.

 - 2. Specific Requirements
 - a. Types of services allowed or disallowed
 - b. Eligibility
 - c. Matching, level of effort or earmarking
 - d. Reporting
 - e. Special requirements, if any

 - 3. Claims for Advances and Reimbursements.

 - 4. Amounts Claimed or Used for Matching.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1992, Morehead State University expended 91% of its total federal awards under major award programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the University's major federal award programs, which are identified in the accompanying schedule of federal awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the University's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements or to administer federal award programs in accordance with applicable laws and regulations.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited

or that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We noted other matters involving the internal control structure and its operation that we have reported to the management of Morehead State University in a separate letter dated September 24, 1992.

This report is intended for the information of the Board of Regents, management, the cognizant federal audit agency and other audit agencies. However, this report is a matter of public record and its distribution is not limited.

Kelley, Galloway & Company, P.C.

September 24, 1992

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Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON AGREED-UPON PROCEDURES

Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1992, and have issued our unqualified report thereon dated September 24, 1992. At your request, we have also applied certain agreed-upon procedures, as discussed below, to the accounting records and internal control structure of Morehead State University, as of June 30, 1992, solely to assist the University in complying with NCAA Bylaw 6.2.3.1. It is understood that this report is solely for your information and is not to be referred to or distributed for any purposes to anyone who is not a member of management or the Board of Regents of Morehead State University or an authorized representative of the National Collegiate Athletic Association. Our procedures and findings are as follows:

Statement of Revenues and Expenditures - Agreed-Upon Procedures

- a. We obtained the statement of revenues and expenditures for the year ended June 30, 1992, as prepared by management and shown in Exhibit I. We recalculated the addition of the amounts on the statement, traced the amounts on the statement to management's worksheets and agreed the amounts on management's worksheets to the University's general ledger. We noted no differences between the amounts on the general ledger and the amounts on the worksheets. We discussed the nature of the worksheet adjustments with management and are satisfied that the adjustments are appropriate.
- b. We obtained an analysis of all revenue and certain expenditure accounts from management and (1) traced guaranteed gate amounts to copies of contracts with participating schools, (2) agreed revenue received from the Eagle Athletic Fund to the audited financial statements for the year ended June 30, 1992 of Morehead State University Foundation, Inc., and (3) agreed amounts recorded on worksheets maintained by the University's Athletic Department for season ticket sales to the University's general ledger.
- c. We applied analytical review techniques to revenues and expenditures accounts of the Intercollegiate Athletics Department in order to identify any unusual items by comparing the current year budgeted revenues and expenditures to the current year actual revenues and expenditures and discussing with management the significant variances and comparing the prior year actual revenues and expenditures to the current year actual equivalent accounts and discussing with management the significant fluctuations.
- d. We recomputed the ratio of the amount by which the Intercollegiate Athletics Department's expenditures exceeded its revenues, as a percent of the University's unrestricted educational and general expenditures. The 2.7%

ratio computed on Exhibit I was in compliance with the 3.6% cap established by the University's Board of Regents.

- e. We recalculated the ratio of the University's Intercollegiate Athletics Department's revenue, expressed as a percentage of that Department's operating expenditures. The 48.3% computed on Exhibit V exceeded the minimum requirement of 33.3% as established by the University's Board of Regents.

Because the above procedures "a" through "e" do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with procedures "a" through "e" referred to above, no matters came to our attention that caused us to believe that the specific accounts or items should be further adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department of Morehead State University in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to the financial statements of Morehead State University or its Intercollegiate Athletics Department taken as a whole.

Internal Control Structure: Policies and Procedures Related to Intercollegiate Athletics - Agreed-Upon Procedures

The management of Morehead State University is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- f. We reviewed an organization chart and job descriptions of key personnel as prepared by management. We reviewed the extent of documentation of accounting systems and procedures. We also made certain inquiries of management regarding control consciousness, competence of personnel and protection of records and equipment.

Agreed-upon procedure "f" applied to certain aspects of the University's internal control structure was more limited than would be necessary to express an opinion on the internal control structure taken as a whole. Because our study and evaluation was limited to applying agreed-upon procedure "f" to certain aspects of the internal control structure, we do not express an opinion on whether the internal control structure of Morehead State University in effect for the year ended June 30, 1992, taken as a whole, was sufficient to meet the objectives stated above. In connection with applying our procedure, we did note an opportunity for improvement in the internal control structure. Our recommendation is presented as Exhibit II to this report.

Kelley, Ballouay + Company, PSC

September 24, 1992

MOREHEAD STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1992

	<u>FOOTBALL</u>	<u>BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NONPROGRAM SPECIFIC</u>	<u>TOTAL</u>
REVENUES:					
Ticket sales (2)	\$ 61,047	\$ 116,810	\$ -	\$ -	\$ 177,857
Eagle Athletic Fund	35,935	10,135	22,004	5,000	73,074
Guaranteed gate amounts	35,000	56,000	-	-	91,000
Student activity fee	163,710	103,745	89,720	101,439	458,614
NCAA proceeds	18,896	78,807	56,699	25,051	179,453
Other	<u>1,701</u>	<u>2,135</u>	<u>2,000</u>	<u>-</u>	<u>5,836</u>
Total revenues (2)	<u>316,289</u>	<u>367,632</u>	<u>170,423</u>	<u>131,490</u>	<u>985,834</u>
OPERATING EXPENDITURES (1):					
Salaries	227,690	219,113	108,538	268,799	824,140
Fringe benefits	49,452	46,431	18,272	59,731	173,886
Financial Aid	397,125	152,197	203,727	1,645	754,694
Travel -					
Team and administrative	31,865	59,633	68,333	22,784	182,615
Recruiting	21,735	20,720	3,011	-	45,466
General and administrative	15,600	20,871	35,690	101,684	173,845
Uniforms	24,131	3,523	-	-	27,654
Promotion	-	-	-	12,505	12,505
Guarantees	-	4,850	-	-	4,850
Telephone	1,539	1,648	1,088	782	5,057
Equipment	9,905	2,833	7,739	9,330	29,807
Insurance	-	-	34	35,031	35,065
Other	<u>-</u>	<u>-</u>	<u>300</u>	<u>849</u>	<u>1,149</u>
Total operating expenditures (1)(2)	<u>779,042</u>	<u>531,819</u>	<u>446,732</u>	<u>512,140</u>	<u>2,270,733</u>
EXPENDITURES OVER REVENUES (1)(2)	<u>\$(462,753)</u>	<u>\$(164,187)</u>	<u>\$(276,309)</u>	<u>\$(381,650)</u>	<u>\$(1,284,899)(3)</u>

Notes:

- (1) The above expenditures of the Intercollegiate Athletics Department do not include any allocation of the University's Telecommunications, Land and Grounds Maintenance, Public Safety, Computer Services, Business Services, Custodial Services, Power Plant and General Services departmental costs. The allocation of these departmental costs would require a cost study of each area which was not included in the scope of this report.
- (2) The University includes in ticket sales revenues the value of athletic event tickets sold to other unrestricted budgetary departments of the University. These other departments purchase athletic tickets for use in fund raising, recruiting, etc. and charge their operating budget for the cost of such tickets.
- (3) The \$1,284,899 represents 2.7% of the \$46,956,113 unrestricted educational and general expenditures of the University for the year ended June 30, 1992. This percentage is less than the 3.6% cap established by the University's Board of Regents.

MOREHEAD STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS DEPARTMENT
FINDING AND RECOMMENDATION - INTERNAL
ACCOUNTING CONTROLS
FOR THE YEAR ENDED JUNE 30, 1992

ATHLETIC EVENT TICKETS

Finding -

The University includes in ticket sales revenues the value of athletic event tickets sold to other unrestricted budgetary departments of the University. This method of recognizing revenue should be reevaluated to consider whether only the tickets actually used should be reflected as revenues.

Recommendation -

We recommend that these inter-departmental ticket sales be recognized as revenue to the Intercollegiate Athletics Department solely on the basis of tickets actually used, with the appropriate face value applied. Procedures should be developed to control these tickets as to the number issued and number used so that unused tickets are not reflected as revenue.

Management Response -

Subsequent to June 30, 1992, management has implemented a system whereby only the complimentary tickets actually utilized will be reflected in revenue.



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON AGREED-UPON PROCEDURES

Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of Morehead State University and its related booster organization, the Eagle Athletic Fund (a separate fund of Morehead State University Foundation, Inc.), in connection with activities of the Intercollegiate Athletics Department of Morehead State University. It is understood that this report is solely for your information and is not to be referred to or distributed for any purpose to anyone who is not a member of management or the Board of Regents of Morehead State University or an authorized representative of the National Collegiate Athletic Association. Our procedures and findings are as follows:

- a. We obtained from the Eagle Athletic Fund a Statement of Support and Revenue, Expenses and Changes in Fund Balance for the year ended June 30, 1992, as shown in Exhibit III.
- b. We confirmed with management of the Eagle Athletic Fund all financial activities directly benefiting the Intercollegiate Athletics Department at Morehead State University.
- c. We traced all cash receipts received from the Eagle Athletic Fund to the accounting records of Morehead State University. Such transfers totalled \$73,074 and represented 37% of the Eagle Athletic Fund's total expenditures of \$197,866 during the year ended June 30, 1992.
- d. We obtained a listing of all expenditures made on behalf of the Intercollegiate Athletics Department from the Eagle Athletic Fund's management. We selected a sample of these expenditures and reviewed the supporting documents, noting all were properly approved and within NCAA Guidelines.
- e. The financial statements of the Morehead State University Foundation, Inc., (which includes the Eagle Athletic Fund) for the year ended June 30, 1992, were audited by us and our independent auditor's report of those statements was dated September 25, 1992.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. This report relates only to the accounts and items specified above and does not extend to any financial statements of Morehead State University or the related outside organization, taken as a whole.

Kelley, Galloway + Company, PSC

September 24, 1992

EAGLE ATHLETIC FUND

(a separate fund of Morehead State University Foundation, Inc.)

STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND
CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 1992

SUPPORT AND REVENUE:

Contributions	\$211,040
Interest and dividend income	14,570
Donated materials and property	61,544
Other income	<u>1,441</u>
Total support and revenue	<u>288,595</u>

EXPENSES:

University Support -	
NCAA program support -	
Travel	9,914
Equipment	3,800
Scholarship	1,250
Supplies	3,701
Other operating expenditures	<u>54,409</u>
	73,074

Non-NCAA program support	<u>22,355</u>
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Supporting Services - Management and General -

Salaries and wages	5,123
Banquets and outings	5,546
Depreciation expense	1,600
Other operating expenses	<u>26,132</u>
	<u>38,401</u>

Supporting Services - Other -

In-kind gifts	61,544
Insurance premiums	<u>2,492</u>
	<u>64,036</u>
Total expenses	<u>197,866</u>

EXCESS OF SUPPORT AND REVENUE OVER EXPENSES BEFORE

UNREALIZED LOSS ON TEMPORARY INVESTMENTS	90,729
--	--------

UNREALIZED LOSS ON TEMPORARY INVESTMENTS

	<u>(11,250)</u>
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EXCESS OF SUPPORT AND REVENUE OVER EXPENSES

	79,479
--	--------

TRANSFERS FROM OTHER FUNDS, NET

	<u>100</u>
--	------------

INCREASE IN FUND BALANCE

	79,579
--	--------

FUND BALANCE, beginning of year

	<u>172,542</u>
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FUND BALANCE, end of year

	<u>\$252,121</u>
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SUPPLEMENTAL INFORMATION



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Dr. Ronald G. Eaglin, President
Morehead State University
Morehead, Kentucky

The agreed-upon procedures applied to the records of the Intercollegiate Athletics Department of Morehead State University and our independent auditor's report thereon are presented in the preceding section of this report. The financial information presented herein for the year ended June 30, 1992, was derived from the accounting records tested by us as part of our procedures followed in performing the aforementioned agreed-upon procedures. The supplemental information presented herein for the year ended June 30, 1992, was accumulated by management and reviewed by us for reasonableness. This report relates only to the accounts and items specified in the preceding section of this report and does not extend to the financial statements of Morehead State University taken as a whole.

Kelley, Galloway + Company, PSC

September 24, 1992

MOREHEAD STATE UNIVERSITY

SCHEDULE OF REVENUES AND EXPENDITURES BY SPORT
OF THE INTERCOLLEGIATE ATHLETICS DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 1992

<u>SPORT:</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expenditures Over Revenues</u>
Football	<u>\$316,289</u>	<u>\$779,042</u>	<u>\$ (462,753)</u>
Men's basketball	\$322,138	\$345,026	\$ (22,888)
Women's basketball	<u>45,494</u>	<u>186,793</u>	<u>(141,299)</u>
	<u>\$367,632</u>	<u>\$531,819</u>	<u>\$ (164,187)</u>
Baseball	\$ 45,675	\$132,893	\$ (87,218)
Golf	17,170	36,708	(19,538)
Soccer	8,438	11,904	(3,466)
Men's tennis	12,518	25,913	(13,395)
Women's tennis	13,090	30,138	(17,048)
Swimming	11,287	20,382	(9,095)
Volleyball	31,002	110,951	(79,949)
Softball	20,351	55,445	(35,094)
Cross country	<u>10,892</u>	<u>22,398</u>	<u>(11,506)</u>
	<u>\$170,423</u>	<u>\$446,732</u>	<u>\$ (276,309)</u>

MOREHEAD STATE UNIVERSITYSCHEDULE OF REVENUES GENERATED TO SUPPORT EXPENDITURES
OF THE INTERCOLLEGIATE ATHLETICS DEPARTMENTFOR THE YEAR ENDED JUNE 30, 1992

Revenue (2)	\$ 985,834
Add: NCAA proceeds accrued at June 30, 1991, and received in the 1991-92 fiscal year (1)	<u>110,176</u>
Funds available for expenditure	<u>\$1,096,010</u>
Operating expenditures	<u>\$2,270,733</u>
Funds available for expenditure as a percentage of operating expenditures	<u>48.3% (3)</u>

- (1) Effective with the 1990-91 fiscal year, the NCAA Executive Committee and Ohio Valley Conference of Presidents adopted revisions in their methods of distributing revenues to Division I member institutions. The \$110,176 distribution reflected above represents revenues earned by the NCAA during the 1990-91 fiscal year, but received in the 1991-92 fiscal year.

To account for this timing differential, the University has adopted the procedure of budgeting these funds in the fiscal year of receipt.

- (2) Revenue includes \$66,167 of unanticipated income received from the NCAA during the year ended June 30, 1992, representing MSU's Intercollegiate Athletics Departments' share of 1987 cable television royalties distributed through the NCAA by the Copyright Royalty Tribunal.

The NCAA estimates that amounts of \$30,000 or less will be received during the fiscal years ending June 30, 1993 and 1994 as a result of the continuing settlements related to a lawsuit regarding sports interests television royalties.

- (3) The 48.3% exceeds the minimum requirement established by the University's Board of Regents which stated that the ratio of the Intercollegiate Athletics Department's revenue must equal at least 33.3% of the annual expenditures of the Intercollegiate Athletics Department.